

October 20, 2010

**CARE REAFFIRMS RATING ASSIGNED TO VARIOUS MARKET BORROWING
PROGRAMMES OF
INDIAN RAILWAY FINANCE CORPORATION LTD.**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Market Borrowing Programme (FY'07)	4,670	'CARE AAA' [Triple A]	Reaffirmed
Market Borrowing Programme (FY'08)	5,240	'CARE AAA' [Triple A]	Reaffirmed
Market Borrowing programme (FY'09)	7,200	'CARE AAA' [Triple A]	Reaffirmed
Market Borrowing Programme (FY'10)	9,170	'CARE AAA' [Triple A]	Reaffirmed

Rating rationale

The above-mentioned ratings factor in 100% GoI ownership of IRFC, its strategic role in providing financial assistance to meet the planned outlay of Indian Railways, strong integration with parent, consistent profitable operations, strong asset quality with zero Non Performing Assets (NPAs), demonstrated Government support evident from lease agreements enabling transfer of interest & exchange risks to Ministry of Railways (MoR) and timely capital infusion.

The continued support and extension of favorable policy regime by GoI and satisfactory credit protection measures in respect of exposure to other MoR entities are the key rating sensitivities.

Company Profile

IRFC was set up in 1986. It is a GoI undertaking, under the purview of MoR. The company was conceived as a financing arm of MoR with the sole objective to raise money from the market to part finance the plan outlay of Indian Railways (IR). The resources thus raised are used for part-funding creation of rolling stock assets (through lease financing) for IR and meeting other developmental needs of IR and other MoR entities, like Rail Vikas Nigam Ltd, Railtel etc, as per the directive of MoR.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

During FY10, total income witnessed a growth of 15% to Rs.3,484 crore. Net spread witnessed pressure and reduced from 2.39% in FY09 to 2.25% in FY10. ROTA increased marginally and stood at 1.19% in FY10. In Q1FY11, IRFC registered PAT of Rs.100 crore on total operating income of Rs.901 crore.

Analyst Contact

Name: Jyotsna Gadgil

Tel: 011-23716199

Mobile: 9811552926

Email: jyotsna.gadgil@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. P N Sathees Kumar

Executive Vice President – Marketing

Mobile: +91-9820416004

mail:sathees.kumar@careratings.com

Mr. Ankur Sachdeva

Vice President – Marketing (SME)

Mobile: +91-9819698985

E-mail: ankur.sachdeva@careratings.com

Mr. Vivek Palan

Manager – Banking & Finance

Mobile: +91-98206 06406

E-mail:vivek.palan@careratings.com

4 Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3 Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com</p>